

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

CURRENT

SUBJECT: MANAGEMENT AND MARKETING OF CITY-OWNED
INDUSTRIAL PROPERTY
POLICY NO.: 900-03
EFFECTIVE DATE: October 2, 1989

BACKGROUND:

In order to enhance the City's economic base and create employment opportunities, the City has actively engaged in the development of industrial and scientific research parks since the 1950's. This development has involved the subdivision and improvement of City lands, including Research Park, Research Park Subdivision Addition, City of San Diego Industrial Park, Torrey Pines Science Park, South San Diego Industrial Park, Campus Point, Eastgate Technology Park, and Corporate Research Park. More recently, the City has acquired property and redeveloped it for industrial use. Examples include Market Street and Dells Industrial Park. Future industrial developments will be located at Brown Field, on the City's Pueblo Lands, and in redevelopment areas.

PURPOSE:

To increase employment, improve the local economy, and promote private sector activity through the acquisition, development, and lease or sale of City land for industrial purposes.

POLICY:

The City shall manage its industrial properties in accordance with the following objectives:

1. Disposition - City property can be leased or sold for those developments which offer employment opportunities, will expand and diversify the City's economic base, will engage in activities compatible with the quality of life in San Diego, and will provide a specific development schedule. Special consideration may be given to lessees or purchasers who offer employment opportunities to economically disadvantaged persons and/or who engage in scientific research, manufacturing research and development, high technology, light manufacturing, or national/corporate headquarters.
2. Reversion - Purchasers must agree to appropriate reversionary rights or other penalties if performance is not in accordance with the requirements of the disposition agreement.
3. Lease Rent or Sales Price - The City shall optimize the lease rent or the sales price to be received from City-owned industrial properties based on relevant factors, including an appraisal of the property which is no more than six months old, prevailing economic conditions, recent trends in industrial land activities, and specific benefits to be generated by the user.
4. Industrial Subdivisions - The City shall continue to develop its inventory of industrial property, and

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expand that inventory, where appropriate, through acquisition, redevelopment, or the development of surplus public properties.

5. Disposition of Proceeds - Proceeds from the sale and lease of City-owned industrial properties shall be deposited as follows:
 - a. Brown Field Industrial Lands (Attachment Item 6): Lease proceeds shall be deposited to the Airports Enterprise Fund to be used for airports operation and maintenance.
 - b. Police Pueblo Lands (Attachment Items 1, 4, 5 and 7): Sale and lease proceeds shall be deposited into the Capital Outlay Fund to be used solely and exclusively for the purpose of financing acquisition and construction of police substations and other permanent improvements for police purposes (Police Decentralization Fund 302481) in accordance with Ordinance 12685 N.S.
 - c. All other industrial lands: Sale proceeds shall be deposited into the Capital Outlay Fund to be used for support of an industrial development program (Industrial Development Fund 30248) in accordance with Resolution 220303. Lease proceeds shall be deposited into the General Fund.
6. Marketing Responsibilities - It shall be the Economic Development Corporation's (EDC) responsibility to assist the City Manager to market the land and to suggest prospective lessees or purchasers to the City Manager. The City Manager shall be responsible for directing all marketing, including evaluating and accepting or rejecting EDC's suggestions, negotiating contracts with prospective lessees or purchasers and making recommendations to the City Council for the leases or sales.
7. Negotiations - The City Manager may exclusively negotiate with a prospective lessee or purchaser and take the agreement to the City Council, via the appropriate Council committees, for approval. Proposals need not be subject to advertisement prior to Council consideration, but shall be considered based on the financial and economic benefits incorporated in the proposal. Proposals may also be solicited on a competitive basis depending on the interest indicated by the market for given properties. The ultimate responsibility for the selection or rejection of the proposed lessee or purchaser rests with the City Council. Since it is not generally in the best interests of the City for an agreement to be negotiated in open session, the Council shall either disapprove or return to the City Manager for further negotiation any agreement which the Council does not approve.
8. Notification to the City Council - The City Manager will advise the City Council of commencement of negotiations with any bonafide applicant offering to lease or purchase City-owned industrial property. Such notice will be by information report to the full Council stating 1) the parcel under negotiation, 2) the identity of the applicant or, if confidentiality has been requested a description of the firm, 3) the general proposed use, 4) whether negotiations are for lease or sale, and 5) any additional offers received on the particular parcel.

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9. Considerations for Specific Sites - Specific objectives regarding lease versus sale, users, employment density, and traffic are listed in the attachment to this policy.

CROSS REFERENCES:

Council Policy 900-01, Economic Development
Council Policy 900-04, Industrial Development
Council Policy 700-10, Disposition of City-owned Real Property
San Diego Municipal Code, Chapter II, Article II, Division 9

HISTORY:

Adopted by Resolution R-220305 02/15/1978
Amended by Resolution R-253163 11/24/1980
Amended by Resolution R-258161 03/28/1983
Amended by Resolution R-274486 10/02/1989

Assigned Responsibility - Property Department

ATTACHMENTS

SPECIFIC CONSIDERATIONS FOR VARIOUS CITY-OWNED INDUSTRIAL PROPERTIES

1. Eastgate Technology Park

Lease Versus Sale - Lease with the intent of development a long-term revenue stream for support of the police decentralization effort.

Users - Users shall be those which qualify as scientific research, light manufacturing, or national/corporate headquarters.

Employment Density - No restrictions will apply to the intensity of employment and employers having relatively few employees should be encouraged in order to minimize average daily trips (ADTs).

Traffic - Because of traffic problems in the community, employers whose customers will cause relatively few ADTs will be encouraged.

Developments - Subject to requirements of NAS Miramar Comprehensive Land Use Plan and the City's University Community Plan.

2. Torrey Pines Science Park

Lease Versus Sale - Property may be either leased or sold.

Users - Users shall be those which qualify as scientific research or national/corporate headquarters. Users related to the University will be encouraged.

Employment Density - No restrictions on the level of employment will be applied. Low density is preferred because of traffic problems in the community.

Traffic - Employers generating relatively few ADTs will be encouraged.

Developments - Subject to requirements of NAS Miramar Comprehensive Land Use Plan and the City's University Community Plan.

3. South San Diego Industrial Park

Lease Versus Sale - Property may be leased or sold.

Users - Users must be in compliance to the MIB zone and comply with the CC&Rs.

Employment Density - High employment densities and/or employers offering employment opportunities for San Diego based economically disadvantaged persons shall be encouraged.

Traffic - No special considerations.

4. Parcel B, I-805 and Sorrento Valley Road

Parcel B shall be held pending construction of Carroll Canyon Road. Parcel B may eventually be sold to CalTrans for a park and ride facility. Developments are subject to the requirements of NAS Miramar Comprehensive Land Use Plan.

5. Parcel C, I-805 and Sorrento Valley Road

Council has designated that the parcel be leased. Users shall be in accordance with the applicable zone. Developments are subject to requirements of the NAS Miramar Comprehensive Land Use Plan.

6. Brown Field Industrial Park

Lease Versus Sale - The parcels can only be leased.

Users - Users shall be in accordance with the Brown Field Master Plan.

Employment Density - Employers offering high employment levels and employers offering

employment opportunities for San Diego based economically disadvantaged persons shall be encouraged.

7. Corporate Research Park

A tentative map has been prepared, but the property is undeveloped and shall be held for future development pending financing and favorable market conditions. When development occurs, consideration should be given to requiring that the parcels be leased.

8. Unratified Pueblo Lands

Pursuant to the University Community Plan, the property should not be developed until 1995.